

FISCAL NOTE

HB 2507 - SB 2569

January 17, 2008

SUMMARY OF BILL: Changes from 6.5% to 9.0% the percentage of gross lottery ticket sales that retailers earn for selling lottery tickets.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – The net decrease of lottery proceeds earmarked for scholarships and grants is estimated to be \$28,525,000 in FY08-09 and each year thereafter. In addition, an increase in retailer commissions may increase lottery revenue if higher commissions induce more retailers to participate, if greater retailer participation leads to greater availability of lottery tickets, and if greater availability of lottery tickets leads to more sales. Any increase in lottery sales may result in a shift of some expenditures from sales-taxable items to lottery tickets. Multiple economic factors affect decisions by persons purchasing lottery tickets. Due to the number of these factors, the complexity of their interaction, and the indirect nature of their impact, it is not reasonably possible to quantify any increase in lottery revenue or decrease in sales tax revenue that would be attributable to increasing retailer commissions.

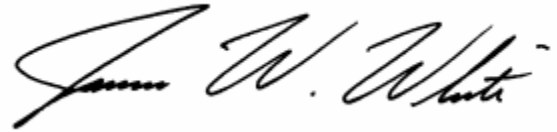
Assumptions:

- Gross lottery ticket sales for FY08-09 are currently estimated to be \$1,141,000,000.
- Under current law, total retailer commissions for selling lottery tickets are estimated to be \$74,165,000 in FY08-09 ($\$1,141,000,000 \times 6.5\%$ commission = \$74,165,000).
- Under the proposed legislation, total retailer commissions for selling lottery tickets are estimated to be \$102,690,000 in FY08-09 ($\$1,141,000,000 \times 9.0\%$ commission = \$102,690,000).
- The total increase of retailer commissions for selling lottery tickets in FY08-09 is estimated to be \$28,525,000 ($\$102,690,000 - \$74,165,000 = \$28,525,000$).

- Gross sales and all other expense categories remain constant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc